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**CEO OF EGYPTIAN INTERNET COMPANY PLEADS GUILTY IN U.S.
COURT TO MAKING FALSE STATEMENTS IN APPLICATION
FOR FOREIGN ECONOMIC ASSISTANCE**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that KHALED G. BISHARA, a/k/a "Khaled Bichara," the President and Chief Executive Officer of LINKdotNET, an internet company located in Cairo, Egypt, pled guilty in Manhattan federal court late yesterday to making false statements in an application to the United States Agency for International Development ("USAID") for foreign economic assistance.

As the Information states, USAID is an agency of the United States of America that was created by the Foreign Assistance Act of 1961 (22 U.S.C. §§ 2381 et seq.), for the purpose of administering certain foreign economic assistance programs of the United States. Among others, USAID administers a commodity import program in Egypt (the "CIP") that seeks to promote economic development in the Egyptian private sector by providing financing to Egyptian companies to purchase commodities manufactured in the United States. Under the CIP, an Egyptian

company may apply to USAID for an interest-free loan in United States dollars to purchase commodities made in the United States. Companies receiving financing are obligated to repay the loan in Egyptian pounds to the Egyptian government, which in turn uses the funds for development projects in Egypt, in consultation with USAID.

Pursuant to the Foreign Assistance Act, Egyptian companies applying to the CIP for a USAID loan are required, among other things, to purchase U.S.-manufactured goods from U.S.-based suppliers. U.S.-based suppliers are required to submit a form, entitled an "AID Form 11," to USAID verifying that the commodities purchased were made in the United States and that the supplier has its place of business in the United States. If USAID grants an application for CIP funding, USAID authorizes the disbursement of the loan proceeds through various banks, including banks located in New York City.

According to the Information, on or about August 11, 2001, BISHARA knowingly submitted, on behalf of LINKdotNET, a false and fraudulent application to USAID seeking a loan for the future purchase of communications equipment, purportedly from two U.S.-based suppliers.

According to a Complaint filed earlier in the case, the application to USAID on behalf of LINKdotNET requested approximately \$2,104,688 in financing through the CIP for the

purchase of communications equipment. As part of the application, BISHARA included two sham bids which purported to be bids from two American suppliers. The sham bids were allegedly from CyberCrossing, a company registered in Delaware without a known place of business, and Gulflink, a company based in California. Also, the CyberCrossing bid listed an address for CyberCrossing at "1209 Orange Street, Wilmington, New Castle, Delaware [sic]" and a freight shipper located in Jamaica, New York, as the point of contact. Further, in a letter to USAID dated November 19, 2001, BISHARA expressed LINKdotNET's preference for the CyberCrossing bid, extolling the "technical" and "financial" terms of that sham bid.

According to the Complaint, after obtaining approximately \$2,104,688 in USAID financing to purchase equipment from CyberCrossing, which LINKdotNET fully collateralized, LINKdotNET illegally used the funds both to pay a past debt and to purchase equipment from Saudi Egyptian Logistics and Electronics Company ("SALEC"), an Egyptian telecommunications company. Based upon the fraudulent application and phony bids, BISHARA obtained approximately \$2,104,688 in USAID funds which he used to (1) purchase approximately \$828,093 worth of communication equipment from SALEC, even though he had claimed that the funds would be used to purchase equipment from

CyberCrossing; (2) pay off a debt of approximately \$828,891 LINKdotNET owed to SALEC from a previous transaction; and (3) pay approximately \$347,222 to SALEC as profit on the transaction.

In entering his plea of guilty to the Information, BISHARA admitted that he submitted an application to USAID which contained false information and admitted that he knew at the time he submitted the application that the information contained therein was false.

BISHARA faces a maximum sentence of five years in prison and a fine of \$250,000. Sentencing is scheduled for June 8, 2008 at 4:00 p.m. before United States District Judge LORETTA A. PRESKA.

Mr. KELLEY praised the efforts of USAID's Office of Inspector General in the investigation of this case.

Assistant United States Attorney BRET R. WILLIAMS is in charge of the prosecution.

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